

ARMY S&T LABORATORY PERSONNEL DEMONSTRATIONS

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Introduction

The Army Science and Technology (S&T) Reinvention Laboratories have implemented four personnel demonstration projects and are within a few months of adding two additional demonstration projects. This article provides the Army acquisition, logistics, and technology community a status report on these Army personnel demonstration projects.

Army S&T Demos

Section 342 of the *National Defense Authorization Act (NDAA) for FY95* (Public Law 103-337) authorized the Secretary of Defense, with the approval of the Director of the Office of Personnel Management (OPM), to undertake personnel demonstration projects at DOD laboratories that were designated as S&T Reinvention Laboratories. This authority differed from other Title 5 demonstration projects in two respects: the Secretary of Defense, with the approval of the OPM Director, had the authority to conduct the demonstration projects, and there were no limits on the number of employees covered or the duration of the project.

With passage of Section 1114 of the NDAA for FY01 (Public Law 106-398), approval authority for demonstration projects now resides with the Secretary of Defense. OPM does, however, retain oversight authority to ensure that the demonstration projects comply with civil service laws, rules, and regulations. The Army proponent for this effort is the Deputy Assistant Secretary of the Army for Research and Technology who is also the Army Chief Scientist.

Under the authority of the NDAA for FY95, DOD S&T Reinvention Laboratories were authorized to develop alternatives and waivers to certain Title 5 laws, rules, and regulations relating to recruitment and appointment of personnel; classification; compensation; assignment, reassignment, and promotions; discipline; incentives; hours of work; and methods of reducing staff and grade levels. This authority did not allow the laboratories to waive any Title 5 laws, rules, and regulations pertaining to leave, employee benefits, equal employment opportunity, limits on political activities, and merit system and prohibited personnel practices. The Air Force, Army, and Navy had research and development organizations so designated, and each organization was given the opportunity to develop new concepts to improve the personnel system.

Currently, the Army has four active personnel demonstration projects, and two other projects are being developed and are within a few months of the first *Federal Register* announcement. The four active projects are at the Army Research Laboratory (which merged with the Army Research Office); the Medical Research and Materiel Command; the Aviation and Missile Research, Development and Engineering Center (consolidation of the Aviation Research Development and Engineering Center and the Missile Research Development and Engineering Center); and the Engineer Research and Development Center (ERDC) (consolidation of the four U.S. Army Corps of Engineer laboratories). These four projects have been designated as

wave 1. The Communications-Electronics Command and the Tank-automotive and Armaments Command are both approaching *Federal Register* publication and project implementation. They are designated as wave 2.

There are approximately 6,300 employees in wave 1, and about 13,565 additional employees may be included in the personnel demonstration project under wave 2. The employees included are not only scientists, but also technicians and administrative personnel.

Two laboratories, the Soldier and Biological Chemical Command and the Simulation, Training and Instrumentation Command, are developing projects and have been designated as wave 3. Approximately 1,400 employees will be included in wave 3.

Every 6 months, the laboratories participate in an all-day round-table review to openly discuss the personnel demonstration projects. The wave 2 and 3 projects have benefited significantly from these sessions and the experiences of wave 1 laboratories.

Personnel Initiatives

Although the wave 1 projects are similar in that they address the same personnel challenges, each varies in its solutions. Each project is the product of management's partnership with its local unions, extensive involvement of the laboratory's own workforce, support by its servicing civilian personnel center, and the advice of Army, DOD, and OPM experts. The projects have initiated hiring and assignment flexibilities, established broad "paybanding" systems, simplified job descriptions, streamlined classification,

replaced the standard Army performance appraisal system with local performance appraisal and pay-for-performance systems, and expanded developmental opportunities. Each feature was designed with the objectives of increasing management's authority over the personnel process, benefiting employees, reducing the administrative burden, and improving organizational effectiveness.

Major thrusts of the wave 1 projects are to simplify personnel procedures for employees, managers, and the civilian personnel community; attract and retain the best employees; reward employees through salary increases based on performance; and increase flexibility in adjusting the workforce for future work and missions. A major feature of the personnel demonstration projects is paybanding.

Paybanding involves the consolidation of two or more General Schedule (GS) paygrades into broad paybands. The consolidation results in wider pay ranges and simplified job classifications because of fewer distinctions between levels of work. Within a payband, occupational families generally correspond to occupational groups (e.g., engineers and scientists; technical, business, and administrative support), with separate paybanding schemes for each occupational family or career path. Paybands increase organizational flexibility by reducing paperwork for classification and promotion actions, increase an employee's pay potential, and provide the opportunity for employees to reach that potential based on performance rather than tenure.

Job performance serves as the basis for salary increases for those employees in the demonstration projects. Pay increases are determined annually and are based on an employee's performance. Funds for pay increases are from money that would have been spent for within-grade and quality step increases and for promotions between grades that are now within a payband.

One of the objectives of the demonstration projects has been to recruit, develop, motivate, and retain a quality workforce. The demonstration projects have implemented programs to promote use of sabbaticals and to increase available training and devel-

opment opportunities that will increase employee skill levels.

As part of the laboratories' efforts to improve recruitment and staffing, several changes to personnel procedures have been made. These changes include extending probationary periods for new hires and eliminating the "rule of three" in the sorting of applicants in quality groups for referral. (The rule of three stipulates that employees hired into competitive service jobs must be selected from among the three most eligible candidates.) Other changes include use of the Distinguished Scholastic Achievement Appointment Authority, modified term appointment for potentially longer periods and possible conversion to career conditional status, and the Voluntary Emeritus Program.

The demonstration projects are being evaluated to determine both the effectiveness of the personnel system changes and the salary costs of paybanding and to assess the contribution of the projects to organizational outcome. The evaluation of DOD S&T demonstrations is being conducted under contract through DOD's Directorate of Defense Research and Engineering and OPM's Personnel Resources and Development Center. The evaluation is focused on the overall impact of similar initiatives across the different projects rather than on the individual demonstration projects themselves.

Conclusion

These demonstrations are the first major changes to improve the personnel systems specifically tailored to the Army laboratories. These changes to Title 5, DOD, and Department of the Army personnel policies allow Army laboratories greater flexibility and authority to manage and improve laboratory staffs.

The demonstrations go far in answering criticisms from the Defense Science Board and others that the current GS system is too slow, puts up administrative barriers, and is impossible to change. The demonstration projects are attempting to overcome these difficulties by streamlining processes and introducing new flexibilities. They provide the Army S&T Reinvention Laboratories with new innovations and efficiencies to sustain a laboratory

workforce capable of solving the technical challenges facing the warfighter in an era of downsizing and declining resources.

Preliminary results of OPM surveys and internal reviews indicate that managers and civilian personnel specialists perceive demonstration projects as being more flexible and responsive. Survey respondents have indicated that paybanding and simplified classification procedures are increasing the laboratories' abilities to attract the best candidates and are changing the organizational culture from one of entitlement to one of performance.

Finally, the Army, DOD, and OPM Team winning the coveted National Performance Review Hammer Award in 1997 for the Army S&T Personnel Demonstrations is evidence of the success of these endeavors.

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